

**Introduced by Senator Pavley**  
**(Principal coauthors: Senators De León and Huff)**  
**(Coauthor: Senator Allen)**  
(Coauthor: Assembly Member Wilk)

January 20, 2016

---

An act to add Section 3217 to the Public Resources Code, and to add Section 713 to the Public Utilities Code, relating to natural gas, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 886, as introduced, Pavley. Natural gas storage: moratorium.

(1) Under existing law, the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation regulates the drilling, operation, maintenance, and abandonment of oil and gas wells in the state. Existing law requires the State Oil and Gas Supervisor to supervise the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities related to oil and gas production within an oil and gas field, so as to prevent damage to life, health, property, and natural resources, as provided; to permit owners and operators of wells to utilize all known methods and practices to increase the ultimate recovery of hydrocarbons; and to perform the supervisor's duties in a manner that encourages the wise development of oil and gas resources to best meet oil and gas needs in this state. Under existing law, a person who fails to comply with certain requirements relating to the regulation of oil or gas operations is guilty of a misdemeanor.

This bill would require the supervisor to immediately institute a moratorium on injections of natural gas into any wells located within and serving the Aliso Canyon storage facility located in the County of

Los Angeles until specified conditions are met. The bill would also require the supervisor to prohibit the production of natural gas by any well originally drilled earlier than 1954 at the Aliso Canyon storage facility located in the County of Los Angeles until specified conditions are met, except as specified. Because a violation of these requirements would be a crime, the bill would impose a state-mandated local program.

(2) Under existing law, the Public Utilities Commission is authorized to supervise and regulate every public utility in the state.

This bill would require the commission to determine the feasibility of minimizing or eliminating use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy reliability for the region, and to consult with specified entities in making its determination.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 3217 is added to the Public Resources
- 2 Code, to read:
- 3 3217. (a) The supervisor shall immediately institute a
- 4 moratorium on injections of natural gas into any wells located
- 5 within and serving the Aliso Canyon storage facility located in the
- 6 County of Los Angeles until all of the following conditions are
- 7 met:
- 8 (1) The integrity of each well has been quantitatively and
- 9 objectively evaluated using state-of-art technology and the risks
- 10 posed by well failure have been evaluated.
- 11 (A) The age, history, and condition of each well shall be
- 12 specifically addressed, with particular emphasis on wells drilled
- 13 prior to 2006.
- 14 (B) The technical methods and equipment used to evaluate well
- 15 integrity and the risks posed by well failure shall be determined

1 by the supervisor with input from independent experts and the  
2 public through a public process.

3 (2) Any well posing an enhanced risk of failure has been  
4 repaired to mitigate the enhanced risk or plugged and abandoned.

5 (3) The supervisor determines that the overall risk from well  
6 failure satisfies the supervisor's duty pursuant to Section 3106 to  
7 prevent damage to life, health, property, and natural resources and  
8 other requirements.

9 (4) The Public Utilities Commission and the State Energy  
10 Resources Conservation and Development Commission concur  
11 with the supervisor's determination in paragraph (3).

12 (b) The supervisor shall prohibit the production of natural gas  
13 by any well originally drilled earlier than 1954 at the Aliso Canyon  
14 storage facility located in the County of Los Angeles until after  
15 the integrity of and the risks associated with any of these wells  
16 have been evaluated and determinations by the supervisor, with  
17 the concurrence of the commissions, have been made pursuant to  
18 the process described in subdivision (a), except when necessary  
19 to do either of the following:

20 (1) Respond to the uncontrolled leak of natural gas from the  
21 "Standard Sesnon 25" well (American Petroleum Institute  
22 identification number 03700776).

23 (2) Maintain regional energy reliability, at the written direction  
24 of the commissions.

25 SEC. 2. Section 713 is added to the Public Utilities Code, to  
26 read:

27 713. The commission shall determine the feasibility of  
28 minimizing or eliminating use of the Aliso Canyon natural gas  
29 storage facility located in the County of Los Angeles while still  
30 maintaining energy reliability for the region. The commission shall  
31 consult with the State Energy Resources Conservation and  
32 Development Commission, the Independent System Operator, the  
33 Division of Oil, Gas, and Geothermal Resources in the Department  
34 of Conservation, and other relevant government entities, in making  
35 its determination.

36 SEC. 3. No reimbursement is required by this act pursuant to  
37 Section 6 of Article XIII B of the California Constitution because  
38 the only costs that may be incurred by a local agency or school  
39 district will be incurred because this act creates a new crime or  
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of  
2 the Government Code, or changes the definition of a crime within  
3 the meaning of Section 6 of Article XIII B of the California  
4 Constitution.

5 SEC. 4. This act is an urgency statute necessary for the  
6 immediate preservation of the public peace, health, or safety within  
7 the meaning of Article IV of the Constitution and shall go into  
8 immediate effect. The facts constituting the necessity are:

9 In order to mitigate, at the earliest possible time, ongoing harm  
10 from the gas leak at the Aliso Canyon storage facility, and to  
11 evaluate the integrity of and the risks associated with older wells  
12 at that facility, it is necessary that this act take effect immediately.